

Financial Administration Services Limited

Company number: 1629709

Report and Financial Statements

for the six month period ended

31 December 2020

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Financial Administration Services Limited

**Report and financial statements
for the six month period ended 31 December 2020**

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Directors

J Boylan
P Horrell
A Lanser
S Welch

Secretary and registered office

FIL Investment Management Limited, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey,
United Kingdom, KT20 6RP

Company number

1629709

Independent Auditors

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

Financial Administration Services Limited

Strategic report for the six month period ended 31 December 2020

The directors present their strategic report for Financial Administration Services Limited ("the company") for the period ended 31 December 2020.

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 13. The company's loss for the period is £23,461,000 (30 June 2020: £33,138,000).

The company remains committed to and continues to make considerable investment into its UK platform business in line with its business plan; this has been a key contributor to the operating loss for the period. This investment is expected to be a significant driver for long term future growth. It aims to improve client experience significantly and drive operating efficiencies. 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 15 and shows net assets at 31 December 2020 of £324,876,000 (30 June 2020: £173,343,000).

The company's response to COVID-19 is set out on page 5.

Development of the business

The company continued to invest in its UK platform business during the year with Fidelity Personal Investing ("UKPI") business announcing two acquisitions. In October 2020 the business acquired Cavendish Online Investments Limited consisting of approximately 30,000 clients and £0.9bn AuA and in the same month announced an agreement to acquire Legal & General Investment Management's ("LGIM") UK Personal Investing business, comprising approximately £6.0bn AuA and 300,000 clients.

Since the announcement of the LGIM agreement, the company has been working with LGIM's management team to establish a detailed migration programme for 2021 which allows for the safe integration of the acquired business in a measured and controlled way, focused on maintaining high levels of client experience for all clients throughout the migration period. The acquisition will be completed in the second half of 2021.

The acquisitions demonstrate the company's ambition and commitment to the UK retail platform market and to creating a platform business with the scale to invest and deliver real value and enhanced client experience to retail investors. The UKPI business looks forward to welcoming these new clients with access to the full range of investment services and capabilities on the UKPI platform, whilst also significantly growing assets and further developing its profile and presence in the market where it currently has 290,000 clients with £20.5bn AuA.

In the UK personal investing market, the acquisitions will make the company the second largest platform provider based on client numbers, up from the existing position of number four. The company will still be the third largest platform provider in terms of AuA but will have significantly closed the gap with its nearest competitor.

Financial Administration Services Limited

Strategic report
for the six month period ended 31 December 2020 (*continued*)

Development of the business (*continued*)

In reaching its decision to proceed with the acquisitions and continued commitment to development of the UKPI business, the company considered its risk appetite, the material risks to which it is exposed and the appropriate strategies required to manage those risks. The company also assessed the adequacy of its capital and liquid resources and in December 2020 received £175.0m of additional share capital. The enhanced capital position at the year end ensures that the company will continue to maintain capital and liquidity surpluses above its regulatory requirements following completion of the acquisitions, as well as having sufficient resources to support its continued investment in technology, products and service to meet the needs of its growing client base.

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 FIL Holdings (UK) Limited (“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 period is calculated as the net profit/loss (determined as being the profit/loss for the financial period) divided by the total balance sheet (being the sum of average fixed and current assets). The company’s return on assets for the period ended 31 December 2020 was negative 7.7% (30 June 2020: negative 15.6%).

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 parent company, which is FHL, and are available on the Fidelity International website at www.fidelity.co.uk.

Risk management

The company is exposed to three broad types of risk: operational, strategic and financial. All risks are actively managed by Senior Management and overseen by Boards, dedicated committees and oversight functions.

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 arises from failures in the management of operations, processes or systems. This can result in errors, the inability to deliver change adequately, unavailability of systems, weaknesses in operational resilience, 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, in particular, 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.

Financial Administration Services Limited

Strategic report
for the six month period ended 31 December 2020 (*continued*)

Risk management (*continued*)

Operational risk (continued)

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. Risk assessments are performed regularly to identify and re-assess risks, controls and appropriate mitigation action.

Strategic risk

Strategic risk is the risk associated with an inappropriate or non-performing business strategy. This risk type includes risks arising from external market dynamics, such as macro-economic or industry developments, failure to implement or act upon strategic plans, and poor business or investment performance. Climate risks and Environmental, Social and Governance ("ESG") risks are managed as part of the strategic risk portfolio. Strategic risks are re-assessed half-yearly at a minimum and actively managed by senior management.

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.

Liquidity risk

Liquidity risk is the risk that the company, 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 (which are designed to ensure that regulatory obligations are always complied with).

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 deposits with the company's banks, which are subject to daily interest rate variances, and investments in liquidity funds, which are used to diversify credit risk. Foreign exchange rate risk exists on revenues derived from foreign denominated assets. In addition, strictly limited market risk positions are taken in relation to positions in Fidelity International and third party mutual funds. These positions are only taken to enable the efficient operation of day to day fund dealing activities for customers and clients and they are actively monitored within defined limits.

The company is also indirectly exposed to market risk, since the majority of the company's revenue is driven by asset values of funds under administration and hence by the prices of securities. This risk is managed through regular monitoring of the assets under administration and 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 Administration Services Limited

**Strategic report
for the six month period ended 31 December 2020 (continued)**

Risk management (continued)

Credit risk (continued)

The company restricts exposures in financial instruments to counterparties approved in accordance with policies set by FIL Limited ("FIL"). Surplus cash is carefully considered for placement with liquidity funds (all AAAm and/or Aaa-mf) to improve credit risk exposure and to reduce direct exposures to banks. Cash balances are held only with banks 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.

Statement on Section 172(1) of the Companies Act

Section 172 of the Companies Act 2006 ("s172") places a duty on directors to promote the success of the company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term, the need to act fairly between members of the company, and the company's wider relationships.

The directors have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the company's shareholder. In doing so, they have had regard to a range of matters, including the impact of decisions in the long term, the interests of key stakeholders including suppliers, customers, the community and the environment, and the reputation of the company for high standards of business conduct.

The FHL group's purpose and goals are set out in its Corporate Governance Statement contained in the Directors' Report within the FHL group's financial statements. As part of the FHL group, the company shares the FHL group's purpose and goals. The directors make decisions with regard to the long-term interests of its sole shareholder (FIL Holdings (UK) Limited) with due regard to the impact of decisions on all relevant stakeholders. In working towards the company's goals, the directors have had due regard for the key stakeholders of the company and the FHL group, as set out as follows.

Customers

The company can only succeed by meeting the need of its current and prospective Customers - well summarised by FIL's overall mission 'working together to build better financial futures'. More detail on engagement with Customers is included within the Engagement with Key Stakeholders section of the Directors' Report on page 8.

Suppliers

Key considerations around suppliers are discussed in the Engagement with Key Stakeholders section of the Directors' Report within the FHL group's financial statements.

Communities and environment

More detail on engagement with the communities where the company operates and on the broader Environment is included within the Stakeholder Engagement with other Stakeholders section of the Directors' Report on page 8.

Financial Administration Services Limited

Strategic report
for the six month period ended 31 December 2020 (*continued*)

Statement on Section 172(1) of the Companies Act (*continued*)

Reputation and high standards of business conduct

The reputation of the company is vital to the confidence of customers and is a significant focus for the Board. As set out in the Corporate Governance Statement in the FHL group's financial statements, the FHL group seeks to operate to the highest standards of conduct. All staff employed by the FHL group are subject to the Fidelity International Code of Conduct and Ethics, which emphasises the FHL group's and the company's commitment to keeping its reputation untarnished and provides a framework for employees to manage their personal affairs in a way consistent with that reputation, and this is further supported by the Whistleblowing Policy. The company performs regulated activities and maintains an open and proactive relationship with the Financial Conduct Authority (the "FCA").

Response to COVID-19

The impact of the coronavirus (COVID-19) disease continued to be felt during the period and has caused significant volatility and uncertainty within the global economy and financial markets and significant personal dislocation for the FHL group's employees and for the company's customers. The company has continued to respond to the COVID-19 crisis with appropriate consideration given to the impact on each of its key stakeholder groups and the directors have been kept informed of key developments and management actions; taking key decisions as necessary.

The FHL group continues to actively support employees in a range of ways throughout the pandemic, with the vast majority of staff working from home which was successfully implemented ahead of the original 'lockdown' imposed by the UK Government. The wellbeing of staff has continued to be of paramount importance during this period. The Board and the Audit and Risk Committee ("ARC") have considered and reflected on the steps taken to ensure staff wellbeing during these unprecedented times and whether there are unidentified or longer-term implications in this regard.

The company continues to maintain its ability to service customers and has suffered no significant reduction in service levels after the change to staff working from home model. This change necessitated revisions to certain operating practices and procedures and the risk implications of these revisions and compensatory controls continue to be carefully monitored. Customer contact has been maintained through digital channels, with call centres remaining open, enabling the business to continue working to high service levels. Complaint trends have been carefully monitored and the root causes of these assessed to identify any key themes that were impacting customer experience.

The ARC has monitored the risk profile of the business during this period and the ongoing effectiveness of its control environment and remains comfortable with both aspects.

Engagement in the community and charitable donations have continued throughout the pandemic, as the FHL group continued to support local charities throughout the period. It has also continued to progress its aim to conduct current and future business operations in a sustainable manner.

Throughout the pandemic, the company has continued to have an open and honest relationship with the regulator including regular dialogue. The company continues to maintain adequate capital and liquidity to support the business in meeting its obligations and upholds the highest standards of business conduct. The company did not participate in any emergency government support schemes relating to COVID-19.

Exit from the European Union ("EU")

The UK left the EU on 31 December 2020 and, ahead of this, the Board monitored the preparedness of the company. The Board considered that all necessary changes to operational processes and legal structures were in place and that the business was prepared for Day 1 readiness. This included the on-going ability to trade and maintain client access to monies, as well as online and phone services. The company continues to monitor and evaluate any emerging impact of the UK exit and will respond accordingly.

Financial Administration Services Limited

**Strategic report
for the six month period ended 31 December 2020 (continued)**

Statement on Section 172(1) of the Companies Act (continued)

Exit from the European Union ("EU") (continued)

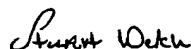
The FHL group recognises suppliers and counterparties as critical to its ongoing success. As part of its planning for the UK exit from the EU it considered the impact on the FHL group's relationship with suppliers; regular engagement had taken place with key suppliers and counterparties to ensure they were equally well prepared for the UK exit.

Since the outcome of the EU referendum was announced, the FHL group has put the concerns of employees at the front of its planning for the UK exit - recognising that the FHL group employs a number of citizens from the remaining members of the EU (and also that Fidelity International employs UK citizens in its EU offices), and has offered help and support to those potentially impacted by changes in residency laws.

The FHL group was in regular discussion with the FCA over the implications for the Group and its customers of the UK exit, including responding promptly to all the FCA's information requests around the UK's exit from the EU.

Approval

This strategic report was approved on behalf of the Board on 26 March 2021.



**S Welch
Director**

Financial Administration Services Limited

Directors' report for the six month period ended 31 December 2020

The directors present their report together with the audited financial statements for the period ended 31 December 2020.

Directors

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

J Boylan	(appointed 22 February 2021)
P Horrell	
A Lanser	
D Rossi	(resigned 31 December 2020)
S Welch	

Dividends

No interim dividend was paid in the period (30 June 2020: £nil). No final dividend is proposed (30 June 2020: £nil).

Future developments

Information on future developments in the business of the company has been included in the strategic report on pages 1 to 2.

Change of accounting period

The board approved a change to the accounting reference date of the company from 30 June to 31 December. These financial statements therefore reflect a six-month accounting period from 1 July 2020 to 31 December 2020. The comparative amounts presented in the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity, and the related notes are for the twelve months from 1 July 2019 to 30 June 2020.

Financial risk management

Information on the financial risk management of the company has been included in the strategic report on pages 2 to 4.

Overseas branches

During the period the company maintained 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 period and at the date of approving this directors' report, the company has maintained liability insurance for directors.

Financial Administration Services Limited

**Directors' report
for the six month period ended 31 December 2020 (continued)**

Engagement with Key Stakeholders

Customers

The company's purpose, working together to build better financial futures, is based on the premise it believes it fulfils a vital role in society. The work the company does, together as a team, and the services it offers to its clients across all its business areas has one focus in mind - to help those clients have better futures because their financial situation allows them to. It also underlines the focus on sustainable, long-term outcomes, together with an aspirational focus on the future. The company operates within the business line Workplace and Personal Financial Health ("WPFH"). WPFH aims to give people the power to get and stay in great financial health throughout every stage of their lives. The company's core values of Integrity and Trust are implemented throughout its engagement with customers. The company interacts with customers in a number of ways and actively listens to customers' needs by seeking feedback, for example through customer surveys, which informs continuous improvements to customer experience.

Communities and environment

The FHL group has a pro-active approach to Corporate Social Responsibility and seeks to build better futures by supporting a number of charitable causes to improve the lives of others and support the environment in which it operates, which is adopted by the company. The FHL group partners with local charities to help to build better futures for the community in which it operates. It also aims to conduct current and future business operations in a sustainable manner which helps create a better future for the environment, with key focus areas of Pollution, Prevention, Carbon Reduction, Waste minimisation and responsible use of resources.

Streamlined Energy and Carbon reporting ("SECR")

SECR related disclosures can be found in the consolidated financial statements of the FHL group.

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).

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.

Financial Administration Services Limited

Directors' report
for the six month period ended 31 December 2020 (continued)

Disclosure of information to auditors

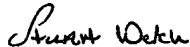
So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit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

Independent auditors

The Board reappointed PricewaterhouseCoopers LLP as auditors to the company for the period (having first been appointed on 6 March 2003). Auditor independence and the terms of reappointment are considered by the FHL Audit and Risk Committee prior to recommendation to the Board for approval.

Approval

This directors' report was approved on behalf of the Board on 26 March 2021.



S Welch
Director

Financial Administration Services Limited

Independent auditors' report to the member 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 31 December 2020 and of its loss for the six month period 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 Report and Financial Statements (the "Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account, the Statement of comprehensive income, and the Statement of changes in equity for the period 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 period 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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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*)

Auditors' responsibilities for the audit of the financial statements (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses. Audit procedures performed included:

- Enquiries with management, including the compliance, internal audit and risk teams, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board and the Audit & Risk Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, entries posted with unusual amounts and entries posted by unexpected users, where any such journal entries were identified; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 March 2021

Financial Administration Services Limited

Profit and loss account for the six month period ended 31 December 2020

	Note	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Turnover	2	70,778	138,008
Cost of sales		<u>(2,078)</u>	<u>(4,847)</u>
Gross profit		68,700	133,161
Administrative expenses		<u>(97,953)</u>	<u>(175,199)</u>
Operating loss	3	(29,253)	(42,038)
Interest receivable and similar income	5	42	715
Interest payable and similar charges	6	<u>(175)</u>	<u>(350)</u>
Loss on ordinary activities before tax		(29,386)	(41,673)
Tax on loss on ordinary activities	7	<u>5,925</u>	<u>8,535</u>
Loss for the financial period / year		<u>(23,461)</u>	<u>(33,138)</u>

All operations are continuing.

The notes on pages 17 to 25 form an integral part of these financial statements.

Financial Administration Services Limited

Statement of comprehensive income for the six month period ended 31 December 2020

	Note	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Loss for the financial period / year		(23,461)	(33,138)
Currency translation differences on overseas branches		(6)	11
Total other comprehensive (expense) / income for the period / year, net of tax		(6)	11
Total comprehensive expense for the period / year		(23,467)	(33,127)

The notes on pages 17 to 25 form an integral part of these financial statements.

Financial Administration Services Limited

Balance sheet at 31 December 2020

	Note	31 December 2020 £'000	31 December 2020 £'000	30 June 2020 £'000	30 June 2020 £'000
Fixed assets					
Investments	8		-		-
Current assets					
Stocks	9	1,203		831	
Debtors: amounts falling due within one year	10	65,622		38,489	
Investments	11	288,654		138,418	
Cash at bank and in hand		37,269		36,226	
			392,748		213,964
Creditors: amounts falling due within one year	12		(59,872)		(32,621)
Net current assets			332,876		181,343
Total assets less current liabilities			332,876		181,343
Creditors: amounts falling due after more than one year	13		(8,000)		(8,000)
Net assets			324,876		173,343
Capital and reserves					
Called up share capital	14		175,000		-
Capital contribution	15		243,500		243,500
Profit and loss account	15		(93,624)		(70,157)
Total equity			324,876		173,343

The notes on pages 17 to 25 form an integral part of these financial statements.

The financial statements on pages 13 to 25 were approved by the Board of Directors on 26 March 2021 and signed on its behalf by:

S Welch

S Welch
Director

Company registration number: 1629709

Financial Administration Services Limited

Statement of changes in equity for the six month period ended 31 December 2020

	Called up share Capital £'000	Capital contribution £'000	Profit and loss account £'000	Total Equity £'000
At 1 July 2019	-	192,500	(37,030)	155,470
Loss for the year	-	-	(33,138)	(33,138)
Other comprehensive income for the year	-	-	11	11
Total comprehensive expense for the year	-	-	(33,127)	(33,127)
Capital contribution in the year	-	51,000	-	51,000
At 30 June 2020	-	243,500	(70,157)	173,343
Loss for the period	-	-	(23,461)	(23,461)
Other comprehensive expense for the period	-	-	(6)	(6)
Total comprehensive expense for the period	-	-	(23,467)	(23,467)
Issue of share capital	175,000	-	-	175,000
At 31 December 2020	175,000	243,500	(93,624)	324,876

The notes on pages 17 to 25 form an integral part of these financial statements.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020

1 Accounting policies

General information

Financial Administration Services Limited is a private company limited by shares and incorporated in England. The registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP.

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.

Change of accounting period

The company changed its accounting reference date from 30 June to 31 December with these financial statements being the first presented to the new period end date. The financial statements are presented for the 6 months ended 31 December 2020 with comparatives for the 12 months ended 30 June 2020. The comparative amounts presented in these financial statements (including the related notes) are not entirely comparable.

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.

Cost of sales and Administrative expenses

Cost of sales and Administrative expenses are accounted for on an accrual basis.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Cash 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.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

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.

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 ("FIML"), 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 FIML's expense through an expense allocation. A full description of the plan is included in the FIML financial statements.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

2 Turnover

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Service and platform fees	67,976	134,337
Other distribution revenue	213	358
Other income	2,589	3,313
	<u>70,778</u>	<u>138,008</u>

3 Operating loss

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
This is arrived at after charging:		
Intra-group expense allocation	78,549	140,085
Exchange differences	10	-
	<u>78,559</u>	<u>140,085</u>

The company does not have any employees (30 June 2020: 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 £67,000 (30 June 2020: £55,000).

4 Directors' remuneration

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Directors' emoluments	335	701
Company contributions to defined contribution schemes	1	2
	<u>336</u>	<u>703</u>

During the period, retirement benefits were accruing to 1 director (30 June 2020: 1) under a defined contribution scheme.

Emoluments of the highest paid director were £152,000 (30 June 2020: £436,000). Company pension contributions of £nil (30 June 2020: £nil) were made to a defined contribution scheme on their behalf.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

5 Interest receivable and similar income	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Income from current asset investments	<u>42</u>	<u>715</u>
6 Interest payable and similar charges	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Bank loans and overdrafts	<u>175</u>	<u>350</u>
7 Tax	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
<i>Current tax</i>		
Adjustment in respect of prior year tax	-	4
Amount receivable from FIL group companies in respect of group relief	(5,951)	(8,580)
Foreign taxes	<u>26</u>	<u>41</u>
Tax on loss on ordinary activities	<u>(5,925)</u>	<u>(8,535)</u>
The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:		
	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Loss on ordinary activities before tax	<u>(29,386)</u>	<u>(41,673)</u>
Loss on ordinary activities at the standard rate of UK corporation tax of 19% (30 June 2020: 19%)	<u>(5,583)</u>	<u>(7,918)</u>
Effects of:		
Compensating adjustments	(328)	(602)
Adjustments in respect of prior year tax	-	4
Expenses disallowed for tax	-	2
Tax rate differences in respect of overseas branches	<u>(14)</u>	<u>(21)</u>
Total tax credit for period / year	<u>(5,925)</u>	<u>(8,535)</u>

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

7 Tax (continued)

In the current period the company surrendered tax losses of £31,324,000 (30 June 2020: £45,154,000) for consideration of £5,951,000 (30 June 2020: £8,580,000).

The Finance Act 2020, which received Royal Assent on 22 July 2020, announced that the Corporation Tax rate for the years starting 1 April 2020 and 2021 would remain at 19%, rather than reducing to 17% as previously announced.

8 Fixed asset investments

	£
<i>Cost or valuation and net book value</i>	
At 1 July 2020 and 31 December 2020	<u>106</u>

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
				<u>106</u>

* All ordinary shares

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 Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP.

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

	31 December 2020 £'000	30 June 2020 £'000
Stocks of fund holdings	<u>1,203</u>	<u>831</u>

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

10 Debtors: amounts falling due within one year	31 December 2020 £'000	30 June 2020 £'000
Trade debtors - customers and funds	41,901	21,382
Amounts owed by group undertakings	14,704	8,800
Other debtors	9,017	8,307
	<u>65,622</u>	<u>38,489</u>

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

11 Current asset investments	31 December 2020 £'000	30 June 2020 £'000
Mutual and collective fund investments	<u>288,654</u>	<u>138,418</u>

12 Creditors: amounts falling due within one year	31 December 2020 £'000	30 June 2020 £'000
Trade creditors - customers and funds	22,888	14,139
Amounts owed to group undertakings	34,407	14,993
Corporation tax	43	38
Accruals and deferred income	2,534	3,451
	<u>59,872</u>	<u>32,621</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	31 December 2020 £'000	30 June 2020 £'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.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

14 Called up share capital

	31 December 2020 £'000	30 June 2020 £'000
<i>Allotted, called up and fully paid</i>		
175,000,100 (30 June 2020: 100) ordinary shares of £1 each	<u>175,000</u>	<u>-</u>

During the period, the authorised share capital was increased by £175,000,000 by the issue of 175,000,000 ordinary shares of £1 each.

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 period 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.

As at 31 December 2020 the net bank balance on FHL group accounts held within the arrangement was £13,416,000 (30 June 2020: £21,333,000).

17 Financial instruments

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

	31 December 2020 £'000	30 June 2020 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	289,857	139,249
Financial assets that are debt instruments measured at amortised cost	<u>65,622</u>	<u>38,489</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>65,295</u>	<u>37,132</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.

Financial Administration Services Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

18 Other commitments

The FHL Group has made commitments of up to £150,000,000 in respect to the development of its UK PI Business.

19 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.

20 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 31 December 2020. The consolidated financial statements of FIL Holdings (UK) Limited may be obtained from The Company Secretary, FIL Investment Management 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.