

THE FIDELITY UK FOUNDATION

(Registered Charity Number: 327899)

**Annual Report and Financial Statements
for the year ended 31 December 2020**

THE FIDELITY UK FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees submit their annual report and audited financial statements for The Fidelity UK Foundation ("the Foundation") for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Trust Deed, the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 (the "Charities SORP") and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

Objective and activities for the public benefit

The objective of the Foundation is to make grants to organisations for charitable purposes, as recognised by the laws of England and Wales. The objective is consistent year to year.

The Foundation's strategy for achieving this objective is to build an endowment out of which sustainable long-term grant-making programmes can be established. The Trustees set annual grant budgets designed to balance current grant-making programmes and the long-term future of the Foundation. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and in planning future activities and setting the grant-making policy for the year.

Grant-making guidelines

The Foundation has established its grant-making guidelines to achieve its objective for the public benefit. Grant-making guidelines are reviewed annually to ensure that they continue to reflect the Foundation's objective and thereby advance public benefit.

The Foundation directs the majority of its grants to UK registered charities operating in the UK, primarily in the fields of:

- **arts, culture and heritage** – including nationally significant heritage sites, internationally recognised museums and class-leading organisations in the visual and performing arts;
- **community development** – particularly early interventions and charities which help young and/or disadvantaged people achieve their potential;
- **education** – particularly initiatives which improve education outcomes for the disadvantaged, from early years through to transition to work;
- **health** – including disability, palliative care and centres of excellence involved in ground-breaking research and treatments to address chronic illness.

During 2020, the Trustees agreed to merge the 'community development' and 'education' programmes under an overarching programme goal to 'enable disadvantaged children and young people fulfil their potential', with a particular focus on: education attainment, community-based interventions, wellbeing and employability. Grants will be disclosed using this new category from 2021 onwards.

The Foundation aims to strengthen the impact, efficiency and/or sustainability of the charitable organisations that it supports. As such, the Foundation has a focus on supporting capacity-building, by which the Foundation means the capacity, knowledge and resources that charities need to be effective.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Grant-making guidelines (cont.)

Each grant application is considered on an individual basis against the Foundation's grant-making guidelines. Foundation representatives (and from time to time, Trustees) meet with applicants to establish a fuller understanding of the organisation and their needs.

In addition to reviewing the applicant's fit with the Foundation's grant-making guidelines, other factors considered as part of the due diligence process include: the organisation's impact; role relative to other organisations in the field and strategic plans; leadership and governance; operations; financial health; and the degree to which the project for which funding is requested will strengthen an organisations impact, efficiency and/or sustainability. Grantees are requested to report to the Foundation on progress towards achieving the goals of the project supported as outlined in their application to the Foundation, on a periodic basis.

Information on how to apply for a grant is available on the website www.fidelityukfoundation.org.

The Foundation can make grants outside of the categories and grant-making process described above. Grants made from the W L "Bill" Byrnes Global Scholarship Fund are made in line with that fund's purpose (see Funds and reserves policy section for more details).

Achievements and performance in 2020

During 2020, the Trustees met their objective of awarding grants to charitable organisations with a view to strengthening their impact, efficiency and/or sustainability, thereby delivering public benefit.

Trustees considered and monitored the impact of COVID-19 on the Foundation, its programmes and grantees. Working within the framework of the Foundation's grant-making guidelines, given the impact of the pandemic the Foundation had a particular focus on organisations supporting those most disadvantaged in society. While a majority of grants were made to sizeable charities (many of whom were past grantees of the Foundation), the Foundation also supported smaller charities through COVID-19 emergency funds run by the Community Foundations in Kent and Surrey, and the London Community Response Fund in recognition of the important role played by small, community-based organisations. The Foundation also offered flexibility to existing grantees as they adapted to the rapidly changing landscape (including amending deadlines for reporting, extending grant offer periods, or repurposing existing grants).

As part of a planned review of the Foundation's strategy, Trustees agreed to merge the 'community development' and 'education' programmes under one overarching goal 'Enabling disadvantaged children and young people achieve their potential'. Grant-making guidelines were updated to reflect a broader definition of capacity-building.

The Foundation established a new Finance & Investment Subcommittee to provide support to the Trustees in the performance of their duties to prudently manage the Foundation's finances and the investment portfolio.

See the table below for details of the number and total value of grants awarded by sector.

Grants were awarded in 2020 as follows:

Area	Number of grants awarded	Total amount awarded	% of total by amount
Arts, Culture and Heritage	4	£359,073	4%
Health	14	£3,570,753	36%
Education	15	£2,869,632	29%
Community Development	16	£2,855,731	29%
Cross Sector	1	£200,693	2%
Total	50	£9,855,882	100%

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Achievements and performance in 2020 (cont.)

Type of support	Number of grants awarded	Total amount awarded	% of total by amount
Building Acquisition/Development/Restoration	4	£266,293	3%
Information Technology	23	£5,355,108	54%
Equipment	1	£265,000	3%
Core Costs/Programme Costs	14	£2,762,639	28%
Organisational Development/Planning	8	£1,206,842	12%
Total	50	£9,855,882	100%

Further details of the grants awarded are included in note 6. A full list of all grants awarded in 2020 is included in note 20 to the financial statements.

Grants were awarded in 2019 as follows:

Area	Number of grants awarded	Total amount awarded	% of total by amount
Arts, Culture and Heritage	16	£2,343,281	21%
Health	14	£3,648,222	33%
Education	14	£2,676,148	25%
Community Development	14	£1,680,265	15%
Conservation	1	£290,370	3%
Cross Sector	1	£132,892	1%
Grants from the W L "Bill" Byrnes Global Scholarship Fund	2	£250,000	2%
Total	62	£11,021,178	100%

Type of support	Number of grants awarded	Total amount awarded	% of total by amount
Building Acquisition/Development/Restoration	20	£4,042,929	37%
Information Technology	24	£4,233,905	39%
Equipment	4	£1,005,545	9%
Core Costs/Programme Costs	7	£371,000	3%
Organisational Development/Planning	7	£1,367,799	12%
Total	62	£11,021,178	100%

Financial review

The Foundation remains in a sound financial position. The net assets of the Foundation increased by 6% from £272,462,296 at the start of the year to £288,028,883 at 31 December 2020. Despite volatility in investment markets during the year, net assets remained healthy, demonstrating a commitment to maintain and build an invested fund for the long-term benefit of the Foundation and its beneficiaries. Donations received accounted for £3,275,588 (2019: £894,620) of income and the Foundation approved grants totalling £9,855,882 (2019: £11,021,178). An amount of £500,000 relating to a grant awarded in a previous year was written back in 2020 (2019: 3 grants totalling £83,774) and a grant totalling £350,000 paid in a previous year was returned and credited to the statement of financial activities (2019: 1 grant totalling £42,600). In each case this was due to the related project being cancelled or materially changed in scope, rather than the Trustees' decision to withdraw the grant.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Investment policy and performance

The Foundation's assets have continued to be managed in accordance with the provisions of the Trust Deed and the Trustees' investment policy, as set out below:

- investments and dispositions of investments by or on behalf of the Foundation shall be made exclusively for the benefit of the Foundation and to assist the Foundation in implementing its objectives.
- investment decisions relating to funds have been delegated to FIL Pensions Management with overall investment strategy being retained by the Trustees. The majority of invested assets continue to be held in mutual funds.
- investment decisions relating to shares in FIL Limited ("FIL") are taken by unaffiliated Trustees in line with the Conflicts of Interest policy.
- where practicable, the concentration of investment in any enterprise or related group of enterprises is kept below 20% of the Foundation's assets (having regard to the Charity Commission's requirement for Trustees to consider the need to diversify investments). In the event that the value of an investment exceeds 20% as the result of donations, growth or decline in the value of a particular position, considerations of diversification alone should not force its disposition.

The Finance & Investment Subcommittee, established in 2020, is authorised by the Board to monitor, review and manage all aspects of the Investment Policy and strategy and to provide oversight of the operation of the investments, ensuring that these arrangements are aligned with the Foundation's Investment Policy

At 31 December 2020, the total value of investments was £287,570,313 (2019: £272,222,334). The managed portfolio was valued at £195,738,455 (2019: £191,132,768), the FIL shares were valued at £37,482,704 (2019: £28,109,110) and the Eight Roads Shareholdings Limited ("ERS") shares were valued at £54,349,154 (2019: £52,980,456).

The investment objective of the managed portfolio for the year to 31 December 2020 was to outperform a composite of indices (composed of 65% equities, 20% UK bonds and 15% alternative investments). The performance of the portfolio is monitored by the Trustees on a regular basis by comparing the investment returns against the benchmark.

For the year to 31 December 2020 the investment portfolio (excluding FIL and ERS shares) delivered a return of 6.4% compared with the benchmark return of 5.8% (2019: return of 14.2% compared with the benchmark return of 14.9%). FIL and ERS shares delivered a return of 13.0% (excluding dividends), in sterling, over the same year (2019: 13.0%).

Trustees will continue to closely monitor performance during 2021.

Risk management

As outlined in the Foundation's risk register, Trustees have identified the following risks: governance/compliance risk; financial risk; grant-making risk; and reputational risk.

Governance/compliance risk - relates to the Foundation meeting regulatory, accounting and legal compliance requirements.

The Foundation actively manages these risks through robust internal controls, effective application of relevant policies, engagement with specialist advisers for legal requirements and regular reporting to Trustees.

Financial Risk - relates to the Foundation meeting its financial commitments and long-term objectives, preventing misappropriation of funds and liquidity, market and credit risk.

- Liquidity risk is the risk that the Foundation does not have sufficient available resources to enable it to meet its obligations as they fall due or can only secure them at excessive cost.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Risk management (cont.)

- Market risk is the risk of adverse financial impact due to changes in the fair values of the Foundation's investments as a result of fluctuations in foreign currency exchange rates, interest rates, fund and equity prices. Foreign exchange rate risks exist related to the investments and cash denominated in foreign currencies. Interest rate risk exists related to cash and investments in liquidity funds that are subject to daily interest rate variances. Fund and equity price risk exists due to market driven fluctuations in the investment portfolio values.
- Credit Risk is the risk of a counterparty failing to meet its financial obligations to the Foundation. Investments and cash are only held with financial institutions of an appropriate standing and which have been approved by the Trustees.

The Foundation actively manages these risks through robust internal controls, effective application of relevant policies, regular monitoring and reporting of the financial performance of investments, and regular cash flow and liquidity forecasting.

Grant-making risk - relates to the Foundation's ability to achieve its grant-making objectives.

The Foundation actively manages this risk through annual review of grant-making guidelines, clear due diligence processes, clear decision-making processes and monitoring of grantee performance against project goals.

Reputational risk - relates to the Foundation's ability to respond effectively to any incident that could affect the Foundation's reputation.

The Foundation actively manages this risk through clear terms and conditions in grant agreements, a fraud response plan and the monitoring of the application of grants made through reports received from grantees.

A detailed risk register, which includes details of the mitigating actions, is reviewed annually by the Trustees. The Trustees confirm that they are satisfied with the procedures which have been established to regularly monitor these risks and with the action taken to mitigate exposure to them.

Funds and reserves policy

The Trustees wish to build a substantial Foundation for long-term charitable purposes. As the level and frequency of future donations is uncertain, the Trustees have established an expendable endowment fund to provide sufficient future income and growth to ensure the Foundation's long-term sustainability and meet its overall charitable objectives. The Trustees have targeted an expected level of overall growth (capital and income) from the invested funds and expect to be able to spend around 5% of the average endowment fund over the previous three years for grant-making in the subsequent year, while preserving the real value of the endowment. For 2020, this resulted in a grant-making budget of up to £11,500,000.

The endowment fund represents donations received, invested into the managed portfolio, together with the gains and losses arising from the portfolio. The Trustees have discretion to transfer some or all of the capital of the endowment to the unrestricted fund in circumstances which they consider would justify it, having regard to the need to maintain an appropriate balance between the interests of present and future beneficiaries. The value of the endowment fund at 31 December 2020 was £289,045,458.

The unrestricted fund provides the working capital of the Foundation for grant-making, support costs and other expenditure. The level of funds and estimates of likely future expenditure are monitored and reviewed on an annual basis and transfers are made from the endowment if necessary.

The Foundation's managed portfolio is sufficiently liquid to enable the redemption of amounts to be transferred to the unrestricted fund allowing the Foundation to make grant payments as they fall due. The Trustees have concluded that, based on current conditions and considering their ability to transfer from the expendable endowment, the level of unrestricted funds should generally not exceed the value of one year's forecast charitable expenditure.

THE FIDELITY UK FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Funds and reserves policy (cont.)

A total amount of £6,300,000 was redeemed from the managed portfolio during 2020 (2019: £13,000,000) and £5,228,768 transferred to the unrestricted fund (2019: £11,621,459). The value of unrestricted funds at 31 December 2020 was a deficit of £1,665,697 (2019: deficit of £1,500,503). Any deficit in the unrestricted fund can be funded by redemptions from the managed portfolio and a transfer between funds at the Trustees' discretion.

The restricted fund represents the W L "Bill" Byrnes Global Scholarship Fund, which was established in 2019 as a restricted fund within the Foundation to honour one of the founders of Fidelity International, Bill Byrnes, by receiving, managing and investing donations received in his memory and using these funds to provide scholarships to talented business students from around the world via specific business schools. The value of the restricted fund at 31 December 2020 was £649,122.

Each month, the Foundation prepares rolling cashflow forecasts of its financial position looking fifteen months ahead. Cashflow forecasts for the twelve months from the date of approval of the financial statements have also been considered to reflect a 'worst case scenario'. This assumes: zero investment or donation income; that current grant-making budgets are sustained (based on an annual budget calculated as referenced above); and, together with anticipated operating expenses and payments of existing grant commitments, all expenditure is funded through transfers from the endowment into the unrestricted funds. Based on these forecasts, the Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern and the financial statements are prepared on this basis.

Plans for future periods

The Trustees are committed to continuing to make grants in accordance with the stated objective of the Foundation and to attract grant proposals matching the Foundation's grant criteria. The Trustees aim to set a grant budget at a level that will allow the Foundation to meet its objective, while maintaining a sustainable asset level for future periods.

In the forthcoming period, the Trustees anticipate the overall value of grants awarded to remain at a similar level. While continuing to make grants in fields as outlined in the grant-making guidelines, the Foundation will also continue to review its activity, with a particular focus on developing the strategy for the health and the arts, culture and heritage programmes.

The Trustees are mindful of the ongoing impacts of COVID-19 on the Foundation, its programmes and its grantees. The Foundation will continue to monitor the situation closely and consider adapting its work as appropriate.

Structure, governance and management

The Foundation is a registered charity, number 327899, which is constituted as a charitable trust under a Trust Deed dated 13 July 1988. This Trust Deed authorises Trustees to make decisions regarding the allocation of funds.

Trustees meet three times a year, the Finance & Investment Subcommittee meets twice a year, and the Independent Trustees Subcommittee meets once per year. Various policies and guidelines are in place and are reviewed periodically to ensure that the governance arrangements remain effective and are monitored. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 17 to the financial statements. From time to time a grant may be awarded to an organisation with which a Trustee is involved in some capacity. Trustees are required to disclose all relevant interests, which are then recorded in a conflicts of interest register, and in accordance with the Foundation's policy withdraw from decisions where any conflict of interest arises.

Any new Trustees are appointed by the settlor, FIL Investment Services (UK) Limited, based on their ability to add value to the Foundation. Newly appointed Trustees are given an induction, during which they are briefed on investments, the grant-making process and the powers and responsibilities of the Trustee board. A brief history of the Trust, copy of Board and sub-committee minutes, annual reports and financial statements, and a copy of the governing Trust Deed are made available to the incoming Trustee.

Structure, governance and management (cont.)

THE FIDELITY UK FOUNDATION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

The Trustees of the Foundation have absolute discretion in the application of any income and capital of the Foundation for any purpose recognised as charitable by the law of England and Wales. Decisions regarding the application of funds and investment strategy are made at meetings of the board of Trustees.

Grant proposals are presented to Trustees at Board meetings and between meetings via email. Decisions are arrived at on the basis of mutual agreement among Trustees. Some grants payable are subject to certain conditions being met by the recipients as outlined in grant offer packs.

The Trustees have established policies and procedures for delegated authority under which a guide budget is made available for small grants which are proposed by Foundation representatives and subject to approval by either one or two Trustees (dependent on grant size). Small grants, amounting in aggregate to no more than 10% of the small grant guide budget, are able to be made at the discretion of the Head of Foundations. The five external Trustees (see note below) also have a small budget for allocation to charitable organisations; these donations fall within the overall grant-making strategy of the Foundation and are not normally made to charities in which the external Trustee is involved in a formal capacity and in such cases proposals are considered by the board.

The Foundation has not carried out any fundraising activities during the year. The Foundation received a number of unsolicited donations during the year to the W L "Bill" Byrnes Global Scholarship Fund.

Day to day management of the Foundation's operations is carried out by FIL Investment Management Limited ("FIML"), which has suitable controls in place. The Foundation also holds shares in FIL, a related party. FIML has been one of the principal donors to the Foundation. Further details are provided in note 17 to the financial statements.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Reference and administrative information

Trustees

The Trustees of the Foundation who were in office during the year and up to the date of signing the financial statements were:

B R J Bateman (retired 25 March 2020)
A J Bolton
S R Gandhi
P D Goldsbrough
A P Johnson
E B Johnson
E C Johnson IV
J R Millar (retired 15 July 2020)
J W Owen
M A Rogers
S E Walden

All of the Trustees are associated with the principal donors to the Foundation, with the exception of the five external Trustees: S R Gandhi, P D Goldsbrough, J W Owen, M A Rogers and S E Walden.

Registered Office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP

Administrators: FIL Investment Management Limited, 4 Cannon Street, London EC4M 5AB
(Head of Foundations: Lenka Setkova)

Investment Advisors: FIL Pensions Management, Beech Gate, Millfield Lane, Lower Kingswood,
Tadworth, Surrey KT20 6RP

Bankers: Barclays Bank PLC, 73-75 Calverley Road, Tunbridge Wells, Kent TN1 2UZ

Solicitors: Bates, Wells and Braithwaite London LLP, 10 Queen Street Place, London
EC4R 1BE

Independent Auditors: PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors,
1 Embankment Place, London WC2N 6RH

Registered Charity Number: 327899

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

Statement of Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources of the Foundation for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

The Trustees have re-appointed the auditors, PricewaterhouseCoopers LLP, for the year to 31 December 2021.

Approved by the Trustees on 13 April 2021 and signed on their behalf by:



Trustee: P D Goldsbrough

Date: 13 April 2021

Independent auditors' report to the Trustees of The Fidelity UK Foundation

Report on the audit of the financial statements

Opinion

In our opinion, The Fidelity UK Foundation's financial statements:

- give a true and fair view of the state of the Foundation's affairs as at 31 December 2020 and of its incoming resources and application of resources, and cash flows, 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 Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of financial activities and the cash flow statement for the year then ended; and the notes to the financial statements which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Foundation 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 Foundation's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' 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 Foundation's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees 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 Annual Report other than the financial statements and our auditors' report thereon. The trustees 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 any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities in relation to the financial statements, the trustees 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 trustees 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 trustees are responsible for assessing the Foundation'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 trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Foundation and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder including the Charities (Accounts and Reports) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in the preparation of the underlying accounting records and financial statements and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.
- Challenging assumptions and judgements made by management in significant accounting estimates and judgements.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

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 Financial Reporting Council'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 Foundation's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) 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

Charities Act 2011 exception reporting

Under the Charities Act 2011 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
- sufficient accounting records have not been kept by the Foundation; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 April 2021

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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Income and Endowments from:						
Donations	2	3,255,208	20,380	-	3,275,588	894,620
Investments	3	1,083,845	1,487	-	1,085,332	1,127,064
Total		4,339,053	21,867	-	4,360,920	2,021,684
Expenditure on:						
Raising funds (investment management costs)	4	(5,010)	-	-	(5,010)	(10,303)
Charitable activities (including governance costs)	5	(9,728,005)	(5)	(236)	(9,728,246)	(11,738,236)
Total		(9,733,015)	(5)	(236)	(9,733,256)	(11,748,539)
Net (expense)/income and net movement in funds before gains on investments		(5,393,962)	21,862	(236)	(5,372,336)	(9,726,855)
Net gains on investments and cash	15	-	-	20,938,923	20,938,923	31,995,467
Net (expense)/income and net movement in funds		(5,393,962)	21,862	20,938,687	15,566,587	22,268,612
Reconciliation of funds						
Total Funds of the Foundation brought forward at 1 January		(1,500,503)	627,260	273,335,539	272,462,296	250,193,684
Transfer between funds		5,228,768	-	(5,228,768)	-	-
Total Funds of the Foundation carried forward at 31 December		(1,665,697)	649,122	289,045,458	288,028,883	272,462,296

A comparative Statement of Financial Activities can be found in note 18 to the financial statements.

THE FIDELITY UK FOUNDATION


**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	Total Funds 2020 £	Total Funds 2019 £
Fixed assets			
Investments	9	287,570,313	272,222,334
Total fixed assets		287,570,313	272,222,334
Current assets			
Debtors	10	523,092	588,590
Cash at bank	11	9,049,560	8,760,147
Total current assets		9,572,652	9,348,737
Liabilities			
Creditors: amounts falling due within one year	12	(7,487,431)	(7,074,275)
Net current assets/(liabilities)		2,085,221	2,274,462
Total assets less current liabilities		289,655,534	274,496,796
Creditors: amounts falling due after more than one year	12	(1,626,651)	(2,034,500)
Net assets		288,028,883	272,462,296
Endowment Funds		289,045,458	273,335,539
Restricted Income Funds		649,122	627,260
Unrestricted Income Funds		(1,665,697)	(1,500,503)
Total Funds of the Foundation		288,028,883	272,462,296

A comparative Balance Sheet can be found in note 19 to the financial statements

The financial statements on pages 14 to 33 were approved by the Board of Trustees on 13 April 2021 and were signed on its behalf by

Trustee


.....

P D Goldsbrough

THE FIDELITY UK FOUNDATION

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	14	(6,430,533)	(8,061,381)
Cash flows from investing activities:			
Investment income received		1,096,545	1,018,553
Investment management charges paid		(7,567)	(11,520)
Management fee rebates		1,082,968	413,654
Proceeds from sale of investments*		36,261,255	97,481,477
Purchase of investments*		(31,620,005)	(85,600,110)
Net cash provided by investing activities		6,813,196	13,302,054
Change in cash in the year		382,663	5,240,673
Effect of exchange rate changes on cash		(93,250)	(203,455)
Net increase in cash		289,413	5,037,218
Cash at beginning of the year		8,760,147	3,722,929
Cash at the end of the year		9,049,560	8,760,147

*All purchases and sales of investments took place within the Endowment Fund.

The Fidelity UK Foundation does not maintain any debt and therefore a reconciliation of net debt has not been included as the cash movements above provided the same information.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recorded at fair value as disclosed in note 9. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (the "Charities SORP"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011.

The Trustees are authorised to apply the capital of the Foundation's endowment to the Foundation's charitable activities. The Foundation's investments are sufficiently liquid so as to permit the redemption of amounts from the investment portfolio to allow the Foundation to make grant payments from unrestricted funds or endowment funds as they fall due. As a result, Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern and the financial statements are prepared on a going concern basis.

Planned redemptions totalling £6,300,000 were made from the investment portfolio during 2020 (2019: £13,100,000), comprising of transfers from the expendable endowment fund to the unrestricted fund with the balance being the portfolio income earned (recorded as unrestricted income in line with Charity Commission guidance), to enable the Foundation to make grant payments as they fall due.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Foundation constitutes a public benefit entity as defined by FRS 102.

Judgements

Judgements are made in relation to the method of allocating support costs between grant-making activities and governance costs on the basis of the amount of time spent by Foundation representatives on each activity (see note 1(f) and note 8), in relation to recognising the full amount of multi-year grants at date of approval and in writing back cancelled grants (see notes 1(d) and notes 12 and 13 for more information).

Estimates

The most significant estimates and key assumptions that affect items in the financial statements are related to the valuation of unquoted investments (see note 1(h) and note 9 for more information). With respect to the next reporting period, the year ending 31 December 2021, the most significant areas of uncertainty that affect the carrying value of the assets held by the Foundation are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees' Annual Report for more information). Estimates are also used in the assessment of exposure to market risk (see note 9).

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

1 Accounting policies (cont.)

(b) Funds structure

The Foundation funds are made up of an endowment fund, a restricted fund and an unrestricted fund. The endowment fund is an invested expendable endowment enabling the Foundation to maintain a sustainable long-term grant-making programme. The Trustees have discretion to expend some or all of the capital of the expendable endowment in circumstances which they consider would justify it, having regard to the need to maintain an appropriate balance between the interests of present and future beneficiaries. The restricted fund was established during 2019 in relation to the W L "Bill" Byrnes Global Scholarship Fund (see the reserves policy section of the Trustees' Annual Report for more detail). The unrestricted fund is available for use at the discretion of the Trustees in furtherance of the general activities of the Foundation.

Transfers from the endowment fund to the unrestricted fund, arising from the Trustees' decision to apply the accumulated capital of the endowment to the Foundation's charitable activities, are recognised when investments are sold, and the sales proceeds are redeemed from the Foundation's investment portfolio.

(c) Income recognition

All income is recognised when the Foundation has entitlement to the income, it is probable that the income will be received, and the amount of income can be measured reliably.

Donations represent amounts received by the Foundation or where the Foundation has been notified that a donation has been irrevocably committed to be made to it during the financial year and include any associated tax credits.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the bank.

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (f) below.

Grants are payments made to third parties in the furtherance of the charitable objectives of the Foundation. Grants are recognised in the financial statements as liabilities after they have been approved by Trustees or by delegation, the recipients have been notified of the award (formally or informally) and it is fully expected that any terms and conditions to be fulfilled by the grantee(s) will be met. In these circumstances there is a valid expectation by the recipients that they will receive the grant. Once recognised in the financial statements, grants are only written back if the related project is cancelled or if there is a material change in the scope of the project meaning that it no longer meets the terms of the grant agreement. If the scope or timing of a project significantly changes but the Trustees still want to fund it, the related grant is written back and disclosed instead as a contingent liability to reflect the uncertainty around the timing of the payment.

Provisions for grants are made when recipients have been notified of the award but there is uncertainty as to the timing of the grant or the amount of grant payable.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

1 Accounting policies (cont.)

(f) Allocation of support costs

Governance costs are a type of support costs and comprise all costs involving the public accountability of the Foundation and its compliance with regulation and good practice. These costs include statutory audit and legal fees together with an apportionment of the support costs considered to be incurred in complying with statutory requirements, such as Trustees' meetings and the preparation of financial statements (see note 7).

Other support costs have been allocated between governance costs and grant-making activities on a 25:75 basis, reflecting an estimation of the time spent by Foundation representatives on the respective activities (as disclosed in note 1 (a)). Those support costs attributed to grant-making activities have subsequently been allocated between programme areas based on the number of grants awarded in each category. See notes 6 and 8 for further details.

(g) Management fees and rebates

Gross investment management fees are charged against investment fund prices with investment valuations being shown net of these charges. The Foundation receives rebates of a portion of the investment management charges, which are received in cash and immediately reinvested into the managed portfolio. Management fee rebates are presented as realised gains on the managed portfolio and not as donated services.

(h) Fixed asset investments

Investments are a form of basic financial instrument.

Quoted investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Unquoted investments are stated at current value based on expected realisable value at the balance sheet date. The current value of FIL shares and ERS shares has been estimated to be equal to the value communicated by FIL and ERS, based on net asset values ("NAV") per share approved by the directors of FIL and ERS. The unquoted investments in FIL and ERS can only be redeemed at the discretion of FIL and ERS and only at the quarterly NAV. FIL and ERS also have the right to apply restrictions to defer the payment of significant redemption proceeds; however, the Trustees do not foresee a circumstance under which this would be enforced, and the Trustees do not believe that there are any restrictions that would materially affect the fair value of the investment. Based on these investment characteristics, NAV is determined to be the best approximation of fair value. The current values of the holdings in Fidelity UK Real Estate Fund have been based on the NAV of units held and are provided by FIL Investment Services (UK) Limited in its capacity as Authorised Corporate Director of the fund. The current values of the holdings in Fidelity Common Contractual Funds are derived from the sum of the quoted prices of the investments in the underlying funds and are provided by FIL Fund Management (Ireland) Limited in its capacity as Manager of the fund.

The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Foundation does not acquire options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or subsectors. More detailed disclosures relating to investments and risk are included in the Trustees' Annual Report.

(i) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

1 Accounting policies (cont.)

(j) Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- a present obligation following a grant offer where settlement is not considered probable; or a present obligation following a grant offer where the amount has not been communicated in the grant offer letter and that amount cannot be estimated reliably.

(k) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

(l) Taxation

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, if these profits are applied solely for charitable purposes.

2 Donations

	2020	2019
	£	£
Corporate donations	3,248,755	-
Donations to the W L "Bill" Byrnes Global Scholarship Fund	20,380	893,787
Other donations	6,453	833
	<u>3,275,588</u>	<u>894,620</u>

3 Investment income

	2020	2019
	£	£
Listed equities	142,106	171,654
Mutual funds	802,689	770,102
Real Estate funds	125,473	149,495
Bank interest	804	3,541
	<u>1,071,072</u>	<u>1,094,792</u>
Fidelity Cash Funds	14,260	32,272
	<u>1,085,332</u>	<u>1,127,064</u>

4 Raising funds

	2020	2019
	£	£
Investment management costs:		
Custodian fee	<u>5,010</u>	<u>10,303</u>

5 Charitable activities

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Grant-making activities (note 6)	9,509,236	5	236	9,509,477
Governance costs (note 7)	218,769	-	-	218,769
	<u>9,728,005</u>	<u>5</u>	<u>236</u>	<u>9,728,246</u>

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
Grant-making activities (note 6)	11,252,572	250,005	1,228	11,503,805
Governance costs (note 7)	225,911	8,520	-	234,431
	<u>11,478,483</u>	<u>258,525</u>	<u>1,228</u>	<u>11,738,236</u>

6 Grant-making activities

All grants were made to institutions; no grants were made to individuals. Grant support costs have been allocated based on the number of grants awarded in each category.

Grants approved in 2020	Number of grants	Grant value £	Support costs (note 8) £	Total £
Arts, Culture and Heritage	4	359,073	40,288	399,361
Health	14	3,570,753	141,006	3,711,759
Education	15	2,869,632	151,079	3,020,711
Community Development	16	2,855,731	161,150	3,016,881
Cross Sector	1	200,693	10,072	210,765
	<u>50</u>	<u>9,855,882</u>	<u>503,595</u>	<u>10,359,477</u>
Grants from W L "Bill" Byrnes Global Scholarship Fund	-	-	-	-
	<u>50</u>	<u>9,855,882</u>	<u>503,595</u>	<u>10,359,477</u>
Grants cancelled or amended		(500,000)	-	(500,000)
Grants returned		(350,000)	-	(350,000)
Total		<u>9,005,882</u>	<u>503,595</u>	<u>9,509,477</u>

See note 20 for a full list of grants approved in year.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

6 Grant-making activities (cont.)

Grants approved in 2019	Number of grants	Grant value £	Support costs (note 8) £	Total £
Arts, Culture and Heritage	16	2,343,281	162,399	2,505,680
Health	14	3,648,222	142,099	3,790,321
Education	14	2,676,148	142,099	2,818,247
Community Development	14	1,680,265	142,099	1,822,364
Conservation	1	290,370	10,150	300,520
Cross Sector	1	132,892	10,150	143,042
	60	10,771,178	608,996	11,380,174
Grants from W L "Bill" Byrnes Global Scholarship Fund	2	250,000	5	250,005
	62	11,021,178	609,001	11,630,179
Grants cancelled or amended		(83,774)	-	(83,774)
Grants returned		(42,600)	-	(42,600)
Total		10,894,804	609,001	11,503,805

7 Governance costs

	2020 £	2019 £
Trustee expenses	61	807
Legal fees	21,189	8,520
Audit fees	29,655	22,104
Support costs (note 8)	167,864	203,000
	<u>218,769</u>	<u>234,431</u>

The eleven Trustees in post during 2020 received no remuneration from the Foundation during the year (2019: the eleven Trustees in post received no remuneration from the Foundation). One Trustee was reimbursed for travel and subsistence expenses totalling £61 during the year (2019: one Trustee was reimbursed a total of £807).

Audit fees represent £19,894 (net of VAT) for the audit of the 2020 financial statements and an additional £4,819 (net of VAT) relating to fees incurred during 2020 (for the completion of the audit of the 2019 financial statements) (2019: £18,420). No other services were provided by the auditors.

In accordance with SORP paragraph 6.15, the audit fee is the amount paid directly by the Foundation and the fee level the Foundation is willing to pay in the open market. This is less than the total allocation of audit fees relating to the Foundation's financial statements by PricewaterhouseCoopers LLP, who are also the auditor of other FIL related entities.

8 Support costs

	Allocated to grant-making activities £	Allocated to governance costs £	Total 2020 £
Administration and management costs	503,595	167,864	671,459

	Allocated to grant-making activities £	Allocated to governance costs £	Total 2019 £
Administration and management costs	609,001	203,000	812,001

Support costs have been allocated between grant-making activities and governance costs on a 75:25 basis. This reflects a judgment on the amount of time spent by Foundation representatives on the respective activities. See note 17 for details of how administration and management services are provided.

9 Investments

Movement in Investments during 2020

	Listed Equities £	Mutual Funds £	Real Estate Funds £	Other Equities £	Total £
Market value b/f 1 January 2020	8,276,315	175,758,723	7,097,730	81,089,566	272,222,334
Additions at cost	-	31,620,005	-	-	31,620,005
Disposal proceeds	-	(36,261,255)	-	-	(36,261,255)
Realised (losses)/gains on disposals	(3,021)	8,241,098	-	-	8,238,077
Unrealised FX loss	-	-	-	(2,502,830)	(2,502,830)
Unrealised investment (losses)/gains	(287,579)	1,493,461	(197,022)	13,245,122	14,253,982
Market value as at 31 December 2020	7,985,715	180,852,032	6,900,708	91,831,858	287,570,313

At 31 December 2020, other equities were comprised of Common Shares in FIL Limited and Common and Preferred Shares in Eight Roads Shareholdings Limited.

Movement in Investments during 2019

	Listed Equities £	Mutual Funds £	Real Estate Funds £	Other Equities £	Total £
Market value b/f 1 January 2019	6,898,146	166,831,092	7,101,935	71,788,822	252,619,995
Additions at cost	-	85,600,110	-	-	85,600,110
Disposal proceeds	-	(97,481,477)	-	-	(97,481,477)
Realised gains on disposals	-	13,129,219	-	-	13,129,219
Unrealised FX loss	-	-	-	(2,770,251)	(2,770,251)
Unrealised investment gains/(losses)	1,378,169	7,679,779	(4,205)	12,070,995	21,124,738
Market value as at 31 December 2019	8,276,315	175,758,723	7,097,730	81,089,566	272,222,334

9 Investments (cont.)

At 31 December 2019, other equities were comprised of Common Shares in FIL Limited and Common and Preferred Shares in Eight Roads Shareholdings Limited.

Recognised fair value measurements

To provide an indication about the reliability of the inputs used in determining fair value, the Foundation has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total 2020
	£	£	£	£
Listed Equities	7,985,715	-	-	7,985,715
Mutual Funds	117,486,662	63,365,370	-	180,852,032
Real Estate Funds	-	-	6,900,708	6,900,708
Other Equities	-	-	91,831,858	91,831,858
Total	125,472,377	63,365,370	98,732,566	287,570,313

	Level 1	Level 2	Level 3	Total 2019
	£	£	£	£
Listed Equities	8,276,315	-	-	8,276,315
Mutual Funds	114,368,781	61,389,942	-	175,758,723
Real Estate Funds	-	-	7,097,730	7,097,730
Other Equities	-	-	81,089,566	81,089,566
Total	122,645,096	61,389,942	88,187,296	272,222,334

There were no transfers between any of the levels for recurring fair value measurements during the year (2019: nil).

The Foundation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Exposure to market risk

The values of the investments are subject to foreign currency risk related to amounts denominated in currencies other than GBP, mainly being the US Dollar. If the US Dollar weakened as compared to GBP by 5%, the investment values would reduce by c. £6m (2019: £6m). The values of the investments are also subject to market risk. If the equity markets experienced a 5% downturn, the investment values would reduce by c. £8m (2019: £7m).

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

10 Debtors

	2020	2019
	£	£
Management fee rebates	364,568	404,593
Dividend receivable	158,524	183,997
	<u>523,092</u>	<u>588,590</u>

11 Cash at bank

	2020	2019
	£	£
Cash at bank	<u>9,049,560</u>	<u>8,760,147</u>

12 Creditors

	2020	2019
	£	£
Amounts falling due within one year:		
Grants	7,417,130	6,892,431
Accrued administration services	43,092	143,378
Other creditors	27,209	38,466
	<u>7,487,431</u>	<u>7,074,275</u>
Amounts falling due after more than one year:		
Grants	1,626,651	2,034,500
	<u>9,114,082</u>	<u>9,108,775</u>

Movement in grant commitments during the year:

	2020	2019
	£	£
Grant commitments recognised at start of year	8,926,931	6,250,054
New grant commitments charged to SoFA in year (note 6)	9,855,882	11,021,178
Grants cancelled/amended during the year	(500,000)	(83,774)
Grants paid during the year	(9,239,032)	(8,260,527)
Amount of grant commitments recognised at end of year	<u>9,043,781</u>	<u>8,926,931</u>

13 Contingent Liabilities

The Foundation does not have any contingent liabilities (2019: nil) that are not recognised in the financial statements.

14 Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Net movement in funds (excluding endowment)	(5,372,100)	(9,733,755)
Less: investment income earned	(1,071,072)	(1,094,792)
Add: investment management costs	5,010	10,303
Increase in creditors	7,629	2,756,863
Net cash outflow from operating activities	<u>(6,430,533)</u>	<u>(8,061,381)</u>

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

15 Net gain/(loss) on investments and cash

	2020	2019
	£	£
Unrealised investment gain	14,253,982	21,124,738
Realised gain on disposals	8,238,078	13,129,219
Realised gain from rebates	1,042,942	722,301
Unrealised FX losses on cash	(93,250)	(203,455)
Unrealised FX losses on investments	(2,502,830)	(2,770,251)
Other exchange rate gains/(losses)	1	(7,085)
Net gains on investments	<u>20,938,923</u>	<u>31,995,467</u>

16 Analysis of movement in funds

	Balance 01 January 2020	Income	Expenditure	Net gain on investments	Transfer between funds	Balance 31 December 2020
	£	£	£	£	£	£
Unrestricted funds	(1,500,503)	4,339,053	(9,733,015)	-	5,228,768	(1,665,697)
Restricted funds	627,260	21,867	(5)	-	-	649,122
Endowment funds	273,335,539	-	(236)	20,938,923	(5,228,768)	289,045,458
Total funds	<u>272,462,296</u>	<u>4,360,920</u>	<u>(9,733,256)</u>	<u>20,938,923</u>	<u>-</u>	<u>288,028,883</u>

	Balance 01 January 2019	Income	Expenditure	Net gain on investments	Transfer between funds	Balance 31 December 2019
	£	£	£	£	£	£
Unrestricted funds	(2,760,947)	1,127,771	(11,488,786)	-	11,621,459	(1,500,503)
Restricted funds	-	893,913	(258,525)	(8,128)	-	627,260
Endowment funds	252,954,631	-	(1,228)	32,003,595	(11,621,459)	273,335,539
Total funds	<u>250,193,684</u>	<u>2,021,684</u>	<u>(11,748,539)</u>	<u>31,995,467</u>	<u>-</u>	<u>272,462,296</u>

See Funds and Reserves Policy section of the Trustees' Annual Report for details of the transfers between funds.

17 Related party transactions

The Foundation received a donation of £3,248,755 from FIL Limited ("FIL") in 2020 (2019: £464,040). FIL is a company with three directors in common with the Foundation's Trustees.

The Foundation investments include £195,738,455 of funds held in an investment portfolio managed by FIL Pensions Management ("FPM") (2019: £191,132,768). FPM is a subsidiary of FIL. Within the investment portfolio, underlying funds valued at £109,199,145 (2019: £105,544,327) are managed by subsidiaries of FIL. A portion of the annual management charge totalling £1,032,261 (2019: £658,328) was rebated to the Foundation during the year. Income in 2020 from these investments was £957,271 (2019: £938,307). At 31 December 2020, an amount of £364,568 was receivable from FPM in relation to rebated management charges (2019: £404,593) and an amount of £158,524 was receivable in relation to investment income (2019: £183,997).

Investments also include £37,482,704 of Common Shares in FIL (2019: £28,109,110 of Common shares in FIL). Dividend income in 2020 from these investments was £nil (2019: £nil).

Cash at bank and in hand includes £4,446,157 (2019: £7,805,896) of units in a fund of Fidelity Institutional Liquidity Fund plc, which is managed by FIL Fund Management (Ireland) Limited, a wholly owned subsidiary of FIL.

The Foundation does not employ any staff directly. Management, overhead and administration expenses of the Foundation are initially borne by FIL Investment Management Limited ("FIML") and subsequently recharged through an administration services agreement set up with the Foundation. Costs attributed to the Foundation and recharged for the year were £662,488 including VAT (2019: £773,686). FIML is a wholly owned subsidiary of FIL. As at 31 December 2020, an amount of £52,637 was payable to FIML in relation to administration expenses (2019: £143,378).

FIML also provides administration services to Fidelity Bermuda Foundation, Fidelity Asia Pacific Foundation and Fidelity Europe Foundation, separate charitable trusts (formerly one Foundation known as Fidelity International Foundation) which each have five Trustees in common with the Foundation. There have been no transactions between the Foundation and any of the other foundations during the year and there are no balances outstanding between the four entities.

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

18 Statement of Financial Activities for the year ended 31 December 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
Income and Endowments from:					
Donations	2	833	893,787	-	894,620
Investments	3	1,126,938	126	-	1,127,064
Total		1,127,771	893,913	-	2,021,684
Expenditure on:					
Raising funds (investment management costs)	4	(10,303)	-	-	(10,303)
Charitable activities (including governance costs)	5	(11,478,483)	(258,525)	(1,228)	(11,738,236)
Total		(11,488,786)	(258,525)	(1,228)	(11,748,539)
Net (expense)/income and net movement in funds before losses and gains on investments		(10,361,015)	635,388	(1,228)	(9,726,855)
Net (loss)/gain on investments and cash	15	-	(8,128)	32,003,595	31,995,467
Net (expense)/income and net movement in funds		(10,361,015)	627,260	32,002,367	22,268,612
Reconciliation of funds					
Total Funds of the Foundation brought forward at 1 January		(2,760,947)	-	252,954,631	250,193,684
Transfer between funds		11,621,459	-	(11,621,459)	-
Total Funds of the Foundation carried forward at 31 December		(1,500,503)	627,260	273,335,539	272,462,296

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

19 Balance Sheets as at 31 December 2020 and 31 December 2019 analysed by fund

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Fixed assets	-	-	287,570,313	287,570,313
Investments	-	-	287,570,313	287,570,313
Total fixed assets				
Current assets	158,524	-	364,568	523,092
Debtors	7,114,861	824,122	1,110,577	9,049,560
Cash at bank and in hand	7,273,385	824,122	1,475,145	9,572,652
Total current assets				
Liabilities				
Creditors: amounts falling due within one year	(7,437,431)	(50,000)	-	(7,487,431)
Net current (liabilities)/assets	(164,046)	774,122	1,475,145	2,085,221
Total assets less current liabilities	(164,046)	774,122	289,045,458	289,655,534
Creditors: amounts falling due after more than one year	(1,501,651)	(125,000)	-	(1,626,651)
Net (liabilities)/assets	(1,665,697)	649,122	289,045,458	288,028,883
	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
Fixed assets				
Investments	-	-	272,222,334	272,222,334
Total fixed assets	-	-	272,222,334	272,222,334
Current assets				
Debtors	183,997	-	404,593	588,590
Cash at bank and in hand	7,199,275	852,260	708,612	8,760,147
Total current assets	7,383,272	852,260	1,113,205	9,348,737
Liabilities				
Creditors: amounts falling due within one year	(7,024,275)	(50,000)	-	(7,074,275)
Net current assets	358,997	802,260	1,113,205	2,274,462
Total assets less current liabilities	358,997	802,260	273,335,539	274,496,796
Creditors: amounts falling due after more than one year	(1,859,500)	(175,000)	-	(2,034,500)
Net (liabilities)/assets	(1,500,503)	627,260	273,335,539	272,462,296

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

20 Grants awarded during 2020

Health

During the course of the year 14 grants were given to organisations active in the field of Health with a total value of £3,570,753 (2019: 14 grants, total value £3,648,222).

Grantee <i>Description of Grant</i>	Amount of Grant	Type of Support
Mental Health Innovations <i>Towards staff costs associated with coaching, volunteer management, clinical supervision and data analysis to expand capacity of crisis text line</i>	£600,000	Core Costs/Programme Costs
Anna Freud Centre <i>Development of technology to expand mental health services and information</i>	£500,000	Information Technology
Mind (the National Association for Mental Health) <i>Technology development to enable Mind network transition from face-to-face to online service delivery</i>	£468,000	Information Technology
Parkinson's UK <i>Digital development to expand and enhance support for people affected by Parkinson's disease</i>	£383,000	Information Technology
Stroke Association <i>Development of client relationship management system to enhance fundraising and increase reach</i>	£315,000	Information Technology
CLIC Sargent <i>Development of digital tiered model of care to support children and young people with cancer</i>	£300,000	Information Technology
Best Beginnings <i>Development of digital services - the Baby Buddy app - to support parents whose children are at risk of poor health outcomes</i>	£280,000	Information Technology
Brook <i>Development of digital services to support for young people with sexual health and wellbeing</i>	£250,000	Information Technology
Young Epilepsy <i>Development of digital services to provide tailored support for young people with epilepsy</i>	£194,500	Information Technology
Changing Faces <i>Technology development to increase reach and voluntary income</i>	£84,384	Information Technology
Young Minds <i>Towards consultancy costs and Data Officer post to expand mental health services for young people</i>	£80,869	Organisational Development
University of Edinburgh <i>Towards trialling drugs and devices for the prevention and treatment of respiratory failure of patients with COVID-19</i>	£75,000	Programme Costs
The Pepper Foundation <i>General contribution</i>	£30,000	Core Costs/Programme Costs
St. Joseph's Hospice <i>General contribution</i>	£10,000	Core Costs/Programme Costs
Total	£3,570,753	

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

20 Grants awarded during 2020 (cont.)

Education

During the course of the year 15 grants were given to organisations active in the field of Education with a total value of £2,869,632 (2019: 14 grants, total value £2,676,148).

Grantee <i>Description of Grant</i>	Amount of Grant	Type of Support
IntoUniversity* <i>Towards key posts to enable expansion and provide additional academic support following school closures</i>	£435,990	Core Costs/Programme Costs
Ambition Institute* <i>Development of professional development app. for new and early career teachers</i>	£334,855	Information Technology
The Guide Association <i>Digital platform to recruit, train and manage volunteers</i>	£300,000	Information Technology
The Ditchley Foundation <i>Video conferencing equipment to extend reach and enhance income generation</i>	£265,000	Equipment
The Sutton Trust* <i>Towards salary of new Data Analyst post to enhance research capability and impact</i>	£240,956	Core Costs/Programme Costs
Action Tutoring Ltd* <i>Towards technology and staff costs to expand online tutoring</i>	£238,810	Information Technology
The Tutor Trust* <i>Organisational and technology development to support expansion of tutoring service</i>	£206,000	Information Technology
upReach* <i>Online network to enhance employment outcomes and towards salary of Chief of Staff post</i>	£174,599	Information Technology
The Sutton Trust* <i>Student management platform to improve user engagement and support growth</i>	£155,000	Information Technology
Future First* <i>Alumni mentoring platform to enhance career and university orientation programme</i>	£153,281	Information Technology
Career Ready* <i>Digital platform to scale employability programmes for young people</i>	£142,064	Information Technology
Impetus* <i>Towards National Tutoring Service Pilot</i>	£100,000	Organisational Development
NowTeach* <i>Consultant to define and develop capabilities and capacity required to deliver expansion</i>	£83,077	Organisational Development
The Literacy Pirates Limited* <i>Towards integration of a new technology platform and associated staff costs to support online learning in reading and writing</i>	£20,000	Information Technology
The Difference* <i>Towards consultancy and internal costs for development of a three-year strategy</i>	£20,000	Organisational Development
Total	£2,869,632	

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

20 Grants awarded during 2020 (cont.)

Community Development

During the course of the year 16 grants were given to organisations active in the field of Community Development with a total value of £2,855,731 (2019: 14 grants, total value £1,680,265).

Grantee <i>Description of Grant</i>	Amount of Grant	Type of Support
YouthNet UK (operating as The Mix)* <i>Development of an online volunteering solution to increase volunteering capacity at The Mix and other youth focused charities</i>	£360,895	Information Technology
SafeLives <i>Towards staff costs for posts critical to coordinating sector-wide response to domestic abuse</i>	£300,000	Core Costs/Programme Costs
Bridge House Estates <i>Contribution to the London Community Response Fund</i>	£300,000	Re-granting
Onside Youth Zones* <i>Technology for Talent Academies to attract and retain talent across the Youth Zone network</i>	£272,618	Organisational Development
Place2Be* <i>Towards two new posts to support expansion to help more children with mental health</i>	£250,278	Organisational Development
Age UK <i>Towards national telephone advice line</i>	£250,000	Core Costs/Programme Costs
The Frontline Organisation* <i>Development of fellowship programme to enhance impact on social work through alumni network</i>	£250,000	Organisational Development
The Venture Trust* <i>Organisational and technology development to improve impact management</i>	£175,000	Information Technology
School-Home Support Service (UK)* <i>Towards building organisational capacity and enhancing sustainability, and to provide additional safeguarding support following school closures</i>	£150,000	Organisational Development
Kent Community Foundation <i>Grant-making to charities in Kent</i>	£150,000	Re-granting
Community Foundation for Surrey <i>Grant-making to charities in Surrey</i>	£150,000	Re-granting
Shelter, National Campaign for Homeless People Ltd* <i>Design of a digital solution to triage requests for housing information and advice to increase reach and improve access</i>	£101,000	Information Technology
Shared Lives Plus Limited* <i>Technology to develop outcome measuring tools for social care model</i>	£95,940	Information Technology
Vauxhall City Farm <i>Refurbishment and upgrade of riding school</i>	£20,000	Buildings
WomenCentre <i>Towards capital costs and funding a domestic abuse service in Calderdale</i>	£20,000	Buildings/Programme Costs
Community Links Trust Ltd <i>Pilot music project to support young people with mental health</i>	£10,000	Core Costs/Programme Costs
Total	£2,855,731	

Conservation

No grants were given to Conservation projects during 2020 (2019: 1 grant of £290,370).

THE FIDELITY UK FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (cont.)

20 Grants awarded during 2020 (cont.)

Arts, Culture & Heritage

During the course of the year 4 grants were given to organisations in the field of Arts, Culture and Heritage with a total value of £359,073 (2019: 16 grants, total value £2,343,281).

Grantee <i>Description of Grant</i>	Amount of Grant	Type of Support
City & Guilds of London Art School <i>Refurbishment of facilities for specialist books and paper conservation courses</i>	£151,293	Buildings
London Academy of Music & Dramatic Art <i>Technology development to create efficiencies and support remote student learning</i>	£122,780	Information Technology
World Heart Beat Music Academy <i>Towards the fit-out of a new music education and performance venue to increase access to music tuition</i>	£75,000	Buildings
The Walpole Society <i>Towards the annual publication of documents on the history of British art</i>	£10,000	Core Costs/Programme Costs
Total	£359,073	

Cross Sector

During the course of the year 1 grant of £200,693 was given to a Cross Sector project (2019: 1 grant of £132,892).

Grantee <i>Description of Grant</i>	Amount of Grant	Type of Support
The Media Trust <i>Towards salary costs of Head of Digital and Head of Marketing posts to strengthen online training and organisational capacity</i>	£200,693	Core Costs/Programme Costs
Total	£200,693	

In 2020, the Foundation merged the 'education' and 'community development' programmes to focus on 'enabling disadvantaged children and young people fulfil their potential'. Grants marked * fall within this programme area.

Grants from the W L "Bill" Byrnes Global Scholarship Fund

No grants were made from the W L "Bill" Byrnes Global Scholarship Fund during 2020 (2019: 2 grants, total value £250,000).